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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

492-2230

For Quarter Ended March 31, 1992

Commission File Number 0-15452

Allegheny Bankshares Corporation
(Exact name of registrant as specified in its charter)

West Virginia	55-0636650
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
109 South Jefferson Street Lewisburg, West Virginia	24901
(Address of principal executive offices)	(Zip Code)

(304) 645-2500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ____.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

756,200 common shares were outstanding as of May 5, 1992.

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ALLEGHENY BANKSHARES CORPORATION AND SUBSIDIARIES

INDEX

	Page
I. FINANCIAL INFORMATION	
Financial Statements	
Consolidated balance sheets March 31, 1992 (Unaudited) and December 31, 1991	1
Consolidated statements of income for the three months ended March 31, 1992 and 1991 (Unaudited)	2
Consolidated statements of shareholders' equity for the three months ended March 31, 1992 and 1991 (Unaudited)	3
Consolidated statements of cash flows for the three months ended March 31, 1992 and 1991 (Unaudited)	4-5
Notes to consolidated financial statements (Unaudited)	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	7-15
Signatures	16

ALLEGHENY BANKSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991 *
Cash and due from banks	$ 5,195,205	$ 5,751,126
Interest-bearing deposits and deposit notes with other banks	1,756,645	2,008,429
Federal funds sold	8,270,000	4,075,000
Investment securities (estimated market value 1992 $76,195,550; 1991 $75,863,461)	73,530,094	73,826,228
	106,157,033	103,978,330
Loans, net	103,212,271	101,655,626
Less allowance for loan losses	1,472,881	1,322,852
	104,684,152	102,655,478
Bank premises and equipment, net	2,557,772	2,545,448
Accrued interest receivable	2,143,720	2,284,566
Other assets	2,304,880	2,294,817
Total assets	$ 200,442,468	$ 195,441,092
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest bearing	$ 23,693,909	$ 23,507,739
Interest bearing	156,371,375	151,242,134
Total deposits	180,065,284	174,749,873
Long-term borrowings	1,400,000	2,150,000
Other liabilities	1,613,531	1,361,825
Total liabilities	183,078,815	178,261,698
COMMITMENTS AND CONTINGENCIES		
Shareholders' equity		
Common stock, $2.50 par value, authorized 1,000,000 shares, issued 761,696 shares	1,904,240	1,904,240
Surplus	1,295,760	1,295,760
Retained earnings	14,259,557	14,017,922
Less cost of shares acquired for the treasury 1992, 5,496 shares and 1991 2,888 shares	(95,904)	(38,528)
Total shareholders' equity	17,363,653	17,179,394
Total liabilities and shareholders' equity	$ 200,442,468	$ 195,441,092

* - The December 31, 1991, Consolidated Balance Sheet has been extracted from audited financial data.

See Notes to Consolidated Financial Statements

ALLEGHENY BANKSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 1992 and 1991
(Unaudited)

	1992	1991
Interest income:		
Interest and fees on loans	$ 2,643,398	$ 2,817,194
Interest and dividends on investment securities:		
Taxable	1,280,949	1,233,495
Tax-exempt	106,978	176,379
Interest on deposits and deposit notes with other banks	39,454	62,027
Interest on Federal funds sold	66,300	102,626
Total interest income	4,137,079	4,391,721
Interest expense		
Interest expense on deposits	1,927,601	2,322,383
Interest on long-term debt	27,492	52,774
Total interest expense	1,955,093	2,375,157
Net interest income	2,181,986	2,016,564
Provision for loan losses	138,000	188,000
Net interest income after provision for loan losses	2,043,986	1,828,564
Other income		
Service fees	128,996	133,642
Securities gains	10,438	312
Insurance commissions	23,783	27,761
Other	40,666	48,252
	203,883	209,967
Other expenses		
Salaries and employee benefits	833,563	809,023
Net occupancy expense	68,382	70,455
Equipment rentals, depreciation and maintenance	81,672	87,306
Data processing	105,243	95,957
Advertising	48,405	55,406
FDIC insurance	84,293	82,462
Other	388,709	363,943
	1,610,297	1,564,552
Income before income tax expense	637,572	473,979
Income tax expense	266,939	154,138
Net income	$ 370,633	$ 319,841
Earnings per common share (Note 3)	$ .49	$ .42
Dividends per common share	$ .17	$ .165
Average common shares outstanding	751,004	758,808

See Notes to Consolidated Financial Statements

ALLEGHENY BANKSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Three Months Ended March 31, 1992 and 1991
(Unaudited)

	1992	1991
Balance, December 31	$ 17,179,394	$ 16,169,553
Net income	370,633	319,841
Cash dividends declared	(128,998)	(125,204)
Cost of 2,608 shares acquired for the treasury	(57,376)	-
Balance, March 31	$ 17,363,653	$ 16,364,190

See Notes to Consolidated Financial Statements

ALLEGHENY BANKSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1992 and 1991
(Unaudited)

	March 31, 1992	March 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 370,633	$ 319,841
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	69,922	74,467
Provision for loan losses	138,000	188,000
Provision for deferred income taxes (benefits)	(5,530)	5,593
Deferred loan origination costs	(4,846)	-
Amortization of investment security premiums (accretion) of discounts, net	20,520	11,491
Amortization of organization costs	1,693	3,362
Amortization of purchase accounting adjustments	48,751	48,736
Amortization of loan commitment fees	563	563
Investment securities (gains) losses	(10,438)	312
Loss on transactions in other real estate and other assets	7,000	-
(Increase) decrease in accrued interest receivable	140,846	(263,176)
(Increase) decrease in other assets	(20,629)	(201,367)
Increase (decrease) in other liabilities	257,236	(125,593)
Net cash provided by operating activities	1,013,721	62,229
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest bearing deposits with other banks	251,784	1,786
Proceeds from calls and maturities of investment securities	5,571,509	8,125,238
Principal payments received on investment securities	472,676	190,698
Purchase of investment securities	(5,779,748)	(9,598,467)
Federal funds sold, net	(4,195,000)	1,130,000
Principal collected on (loans made to) customers, net	(2,244,164)	(1,435,082)
Purchases of bank premises and equipment	(82,736)	(360,179)
Proceeds from sale of other real estate and other assets	57,000	-
Net cash provided by (used in) investing activities	(5,948,679)	(1,946,006)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in demand deposit, NOW and savings accounts	6,185,027	(492,683)
(Payments on) proceeds from long-term borrowings	(750,000)	(100,000)
Proceeds from sales of (payments for matured) time deposits, net	(869,616)	505,940
Dividends paid	(128,998)	(125,204)
Acquisition of treasury stock	(57,376)	-

Continued

ALLEGHENY BANKSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued
For the Three Months Ended March 31, 1991 and 1990
(Unaudited)

	March 31, 1992	March 31, 1991
Net cash provided by (used in) financing activities	4,379,037	(211,947)
Increase (decrease) in cash and due from banks	(555,921)	(2,095,724)
Cash and due from banks:		
Beginning	5,751,126	6,654,164
Ending	$ 5,195,205	$ 4,558,440
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for:		
Interest paid to depositors and on other borrowings	$ 1,974,478	$ 2,037,921
Income taxes	$ 202,500	$ 38,155
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Other real estate and other assets acquired in settlement of loans	$ 85,500	$ 89,000

See Notes to Consolidated Financial Statements

ALLEGHENY BANKSHARES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The accounting and reporting policies of Allegheny and its subsidiaries follows generally accepted accounting practices. The financial information included herein is unaudited; however, such information reflects all adjustments, consisting solely of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations. The results of interim periods are not necessarily indicative of results to be expected for the year.

Note 2. Income Taxes

In February, 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 (SFAS 109) which requires adoption of Financial Accounting Standards No. 109, relating to accounting for income taxes for years beginning after December 15, 1992, however, earlier adoption is permitted. The Statement provides that the effect of its adoption may be recorded entirely in the year of adoption or retroactively by restating one or more prior years. The Company has not adopted Statement No. 109, however, based on its current assessment, Company management believes the adoption of Statement No. 109 will not have a material impact on the Company's consolidated financial position and results of its operations.

Note 3. Earnings Per Share

Earnings per common share are computed based on the weighted average shares outstanding. The weighted average shares outstanding was 751,004 for 1992 and 758,808 for 1991.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis focused on significant changes in the financial condition and results of operations of Allegheny Bankshares Corporation ("Allegheny"), and its subsidiaries, Greenbrier Valley National Bank and First National Bank in Marlinton. This discussion and analysis should be read in conjunction with the financial statements and notes accompanying this analysis. The dollar amounts within this discussion are stated in thousands of dollars with the exception of earnings per share.

RESULTS OF OPERATIONS

Allegheny's results of operations for the first three months of 1992 reflects net income of $371, an increase of 15.9% over net income for the same reporting period of 1991. Earnings per share were $.49 for the first quarter of 1992, compared to $.42 per share for the three months ended March 31, 1991. Return on average assets (ROA) rose to .75% at March 31, 1992, from .66% recorded at March 31, 1991. Return on average equity (ROE), another measure of earnings performance totaled 8.50% at March 31, 1992, an increase from the March 31, 1991 total of 7.86%. Increases in these returns reflect the certainty that Allegheny's credit environment has improved for the first three months of 1992, compared to the weaker credit environment experienced throughout 1991, which resulted in an increase in nonperforming assets, higher provisions for possible loan losses and higher costs of other real estate owned along with the impact of significant increases in FDIC insurance premiums.

The following analysis expresses each major component of the income statement as a percentage of average earning assets on an annualized basis for the periods ended March 31, 1992 and 1991.

	For the Three Months Ended March 31,	
	1992	1991
Fully taxable net interest income	4.70%	4.54%
Less:		
Tax equivalent adjustment	(.08)	(.12)
Provision for loan losses	(.29)	(.41)
Net overhead expenses	(2.98)	(2.97)
Income taxes	(.56)	(.34)
Return on average earnings assets	.79	.70
X		
Average earning assets to average total assets	x 95.26	x 94.58
Return on average assets	.75%	.66%

NET INTEREST INCOME

The major component of Allegheny's net earnings is net interest income, which is the excess of interest income earned on earning assets over the interest expense paid for sources of funds. Net interest income is affected by changes in volume, resulting from growth and alterations of the balance sheet composition, as well as fluctuations in interest rates and maturities of sources and uses of funds.

For purpose of this discussion, net interest income is presented on a taxable-equivalent basis to adjust for the tax favored status of earnings from certain loans and investments, principally obligations of state and local governments. Such earnings are increased by an amount equivalent to the Federal income taxes which would have been paid if the income were taxable at the statutory rate of thirty-four percent. For the periods ended March 31, 1992 and 1991, the tax-equivalent adjustment was $38 and $56, respectively.

Tax equivalent net interest income for the period ended March 31, 1992 increased $146 or 7.0% compared to levels in the same period of 1991. This increase resulted from higher average level of earning assets at March 31, 1992, compared to March 31, 1991. The decline in the interest yield (tax adjusted) in earning assets can be partially attributed to the decreases in the yield earned on Federal funds sold declining to 3.5% at March 31, 1992 from 6.1% yields received for the same period of 1991. Decrease in these yields reflects the lower current interest rate environment guided by the Federal Reserve Bank's reductions in its discount rate offered to borrowing member and non-member banks. These rate reductions contributed to the current lower interest rate environment and the reported weak return on overnight investments and overall returns on earning assets.

Volumes of average interest bearing liabilities increased 2.9% at March 31, 1992, to $154,956 from $150,639 for the same period of 1991. The 130 basis point decrease in the weighted average cost of interest bering liabilities again reflects the overall reductions in the interest rate environment for the reported period. The reductions of cost are more prominent in the time deposit category. This category reflected a decrease of 160 basis points. Currently maturing time deposits are subjected to downward repricing as they are reinvested during this period of declining in interest rates.

The declining market rates has had a favorable impact on Allegheny's net interest yield on earning assets. At March 31, 1992, the net interest yield on earning assets was 4.7% compared to 4.5% at March 31, 1991. This increase can be attributed to the weighted average cost of funds declining at a more rapid pace than the weighted average yield on earning assets due to the liability sensitive position of the subsidiary Bank's portfolios. The Company will remain in a liability sensitive position for the next six months. If interest rates continue to decline or remain stable, net interest income should continue to improve over the near future.

NON-INTEREST INCOME

At March 31, 1992, non-interest income totalled $204, representing a decrease of $6 or 2.9% from the 1991 total of $210. Non-interest income when expressed as a percentage of average assets, totalled .10% and .11% at March 31, 1992 and 1991, respectively. Service fees on deposit accounts were .07% of average deposits at March 31, 1992, compared to .08% of deposits for the same period of 1991. This decrease reflects a gradual shifting of Allegheny deposits from fee-generated checking accounts to saving and time deposit accounts and a heightened competition for checking accounts.

The table below illustrates the changes in all major categories of non-interest income at March 31, 1992, compared to March 31, 1991.

	Three Months Ended March 31,		%
	1992	1991	Change
Non-interest income			
Service fees	$ 129	$ 134	(3.7)
Trust income	7	15	(53.3)
Collection fees	5	5	-
Other rental income	2	2	-
Insurance commissions	24	28	(14.3)
Securities gains	10	-	-
Other	27	26	3.8
Total	$ 204	$ 210	(2.9)

Securities gains recognized in the first three months of 1992 resulted from specific securities being called by their issuers prior to the stated maturity date and not from sales activity. Management does not anticipate any further or significant activity in this area.

NON-INTEREST EXPENSE

Non-interest expense at March 31, 1992, totalled $1,610, a 2.8% increase over levels incurred for the three months ended March 31, 1991. When expressed as a percentage of average assets, non-interest expense remained constant at .8% for the comparable periods of March 31, 1992 and March 31, 1991. Primary contributors to the increase in non-interest expense are salaries and data processing.

Salaries and employee benefits are Allegheny's largest operating costs and comprise approximately 51.8% and 51.7% of the total non-interest expense at March 31, 1992 and 1991, respectively. Salaries increased $29 or 5.3% at March 31, 1992 compared to the $551 total at March 31, 1991. This increase resulted from normal merit increases and the cost of one subsidiary bank's implementation of a Employee Performance Incentive Program. This program is designed to reward employees for their monthly performance. This program is also designed to replace the annual employee incentive bonus, for all employees on the new Performance Program. This Program has not significantly impacted the total non-interest expense category for the first three months of 1992, but management anticipates this expense to continue to increase for the remainder of 1992.

At March 31, 1992, data processing fees increased $9 or 9.4% over levels incurred during the three months ended March 31, 1991. This increase in data processing has been almost entirely offset by a 6.8% reduction in costs related to data processing equipment rental and depreciation.

The following table illustrates the change in significant categories of non-interest expense for the periods ended March 31, 1992 and 1991.

	Three Months Ended March 31,		%
	1992	1991	Change
Non-interest expense			
Salaries	$ 580	$ 551	5.3
Employee benefits	254	258	(1.5)
Total salaries and employee benefits	834	809	3.0
Net occupancy expense	68	70	(2.9)
Equipment rental depreciation and maintenance	82	88	(6.8)
Data processing fees	105	96	9.4
Advertising and promotion	48	55	(12.7)
Postage	33	37	(10.8)
Office and other supplies	34	31	9.7
Examination and auditing expense	43	37	16.2
Taxes, other than income taxes	22	23	(4.3)
Telephone	12	13	(7.7)
Director fees	22	20	10.0
FDIC assessment	84	82	2.4
Amortization of goodwill	30	30	-
Other	193	174	10.9
Total	$ 1,610	$ 1,565	2.8

INCOME TAXES

Allegheny's income tax expense incudes Federal and state taxes on earnings. Income tax for the period ended March 31, 1992, totalled $267, reflecting a $113 increase over the same period of 1991 due principally to higher pre-tax earnings and a reduction in tax exempt interest income. Income tax expense for financial reporting purposes does not equal the statutory rate of 34% when applied to income before income taxes, principally because income from certain loans and securities are not subject to taxes and certain expenses included in the financial statements are not deductible for tax purposes. Nondeductible expenses include pension costs and the amortization of purchase accounting adjustments related to the acquisition of Western Greenbrier. At March 31, 1992, Allegheny's tax expense equalled 41.8% of pretax income compared to 32.5% for the three months ended March 31, 1991.

Within the total of $267 income tax expense, approximately $31 is related to West Virginia Corporate income tax, while the remaining $236 is related to Federal income tax.

PROVISION FOR LOAN LOSSES

The provision for loan losses represents charges to earnings necessary to maintain an adequate allowance for potential future loan losses. Management's determination of the appropriate level of the allowance is based on an ongoing analysis of credit quality and loss potential in the loan portfolio, actual loan loss experience relative to the size and characteristics of the loan portfolio, changes in the composition and risk characteristics of the loan portfolio and the anticipated influence of national and regional economic policies and conditions. The adequacy of the allowance for loan losses is reviewed quarterly and adjustments are made when considered necessary.

Allegheny's provision for loan loss expense totalled $138 at March 31, 1992, representing a 26.6% decrease from March 31, 1991 provision charged to income of $188. The improved asset quality is the principal reason for the lower provision expense. When expressed as a percentage of average loans outstanding, the provision for loan losses was .13% and .18% for the period ended March 31, 1992 and 1992, respectively. During the first three months of 1992, the Company recorded a net recovery of $12, compared to a net loss of $93 recorded for the same period of 1991. Management feels that the major credit related problems were identified in 1991 and credit quality will continue to improve throughout 1992.

The total allowance for loan losses was $1,473 at March 31, 1992 and $1,218 at December 31, 1991. Expressed as a percentage of loans (net of unearned interest) the allowance for loan losses improved to 1.39% at March 31, 1992, from 1.27% at December 31, 1991.

The following table presents an analysis of the loan loss reserve for each of the subsidiary banks of Allegheny for the periods ended March 31, 1992 and 1991.

	March 31, 1992		
	Greenbrier Valley National Bank	First National Bank in Marlinton	Total
Balance, beginning of year	$ 872	$ 451	$ 1,323
Losses	(35)	(23)	(58)
Recoveries	33	37	70
Net (losses) recoveries	(2)	14	12
Provision for loan losses	126	12	138
Balance March 31, 1992	$ 996	$ 477	$ 1,473

	March 31, 1991		
	Greenbrier Valley National Bank	First National Bank in Marlinton	Total
Balance, beginning of year	$ 740	$ 383	$ 1,123
Losses	(114)	(21)	(135)
Recoveries	17	25	42
Net (losses) recoveries	(97)	4	(93)
Provision for loan losses	176	12	188
Balance March 31, 1991	$ 819	$ 399	$ 1,218

Loans contractually past due over 90 days which are still accruing interest were $121 at March 31, 1992 compared with $307 at December 31, 1991, representing a 60.6% decrease. Expressed as a percentage of loans (net of unearned interest) the balance on March 31, 1992 of loans contractually past due over 90 days was .11% and .29% at December 31, 1991. Allegheny continually reviews these loans over 90 days past due to ensure they are in the process of collection as dictated by GAAP and as directed by Banking Bulletin 91-19. Based upon managements' review of these loans as of March 31, 1992, it was determined that all material loans which were listed as greater than 90 days past due, were adequately secured and still in the process of collection, thereby following the consistent application of the Company's policy of not terminating the accrual of interest.

Allegheny's non-performing assets consist of foreclosed properties in the process of liquidation and loans on which interest is not being accrued. At March 31, 1992, nonperforming assets totalled $1,688 or 1.61% of total loans, net of unearned interest and the allowance for loan losses. This percentage is lower than the 1.90% experienced at year-end 1991. This improved percentage is the result of Allegheny's continuing efforts to reduce losses through strengthening its credit underwriting standards and credit review procedures.

It is Allegheny's policy to place in non-accrual status those loans which are past due over 90 days, unless the loans are adequately secured and in the process of collection. Non-accrual loans decreased $226 at March 31, 1992, compared to the total of $1,057 at December 31, 1991.

Based upon management's current assessment of the loan portfolio there are no additional significant loans within the portfolio which have been identified as potential problem loans or would cause the allowance for loan losses to be materially misstated.

BALANCE SHEET ANALYSIS

At March 31, 1992, total assets of $200,442 represented a 2.6% increase compared to December 31, 1991 total of $195,441. Total average assets volumes increased 2.7% at March 31, 1992 from December 31, 1991 levels.

Investment securities decreased $296 or .4% from the year-end 1991 total of $73,826 to $73,530 at March 31, 1992. The goal of Allegheny in managing the investment portfolio is to maximize the long-term return on funds invested while giving consideration to customer needs, risk, balance sheet management strategies and the economic outlook. As a result of the diminished tax benefit afforded the Banks from investment in tax-exempt securities, arising from changes in the Federal tax laws, the philosophy of the subsidiary banks has been to invest funds provided from maturing tax-exempt investment securities into taxable securities and to fund loans.

Federal funds sold increased 102.9% or $4,195 as of March 31, 1992 compared to the December 31, 1991 total of $4,075. This increase resulted from Allegheny's decision to remain liquid due to the uncertainty of where interest rates were going and also the uncertainty of where consumers would decide to place there monies. During 1991 and the first quarter of 1992, the declining interest rates caused customers to pace matured deposits into short term instruments or accounts where monies were readily available.

Loans, net of unearned interest and the reserve for loan losses increased 2.0% or $2,029 at March 31, 1992, compared to the December 31, 1991 total of $102,655. This resulted from higher loan demand due to the lower interest rates offered to consumers and has taken place primarily in the real estate category. The 6.2% increase in the real estate category has been offset by a 7.7% decrease in commercial loans. Commercial loans decreased due to tightening lending guidelines coupled with weak corporate demand. The Company has experienced a slight decline of loan demand for installment loans, this category decreased 1.2% at March 31, 1992.

Allegheny's loan portfolio continues to be diversified among loan types. Real estate loans comprises 61.0% of total loans net of unearned interest with 24.7% made up of installment loans and 14.3% is comprised of commercial loans. The Company will continue to solicit quality loans in all loan categories with a slightly greater emphasis on retail mortgage and consumer products to enhance portfolio diversification.

Allegheny's loan-to-deposit ratio was 58.9% and 59.5% at March 31, 1992 and December 31, 1991, respectively. The Company is expecting the normal loan growth they have experienced this quarter to continue in all geographic markets it services during the remainder of 1992.

Other assets at March 31, 1992, reflects goodwill resulting from the acquisition of Western Greenbrier in December, 1989. Goodwill, amounting to $1,192 is being amortized over a period of ten years on the straight line basis. At March 31, 1992, the net unamortized goodwill totalled $924.

Allegheny's total deposits increased to $180,065 or 3.0% on March 31, 1992, from $174,750 at year end 1991. Allegheny has experienced a continued shift of deposits from long term instruments to short-term accounts or where money is readily available, due to the downward turn of interest rates. Certificate of deposits comprise 86.8% of interest bearing deposits and decreased $869 at March 31, 1992 from levels at December 31, 1991. Interest bearing checking accounts increased $2,242 or 7.0%, saving accounts increased $3,756 or 9.7%, at March 31, 1992 compared to December 31, 1991 levels.

Shareholders' equity increased 1.07% at March 31, 1992, compared to the total $17,179 reported for December 31, 1990. The source of this growth has been the retention of internally generated undistributed net income.

LIQUIDITY AND INTEREST RATE SENSITIVITY

Allegheny's liquidity reflects the ability to ensure the availability of adequate funding for loan growth and deposit withdrawals, as well as provide for other Corporate transaction requirements. Asset liquidity is provided primarily by investment in cash and cash equivalents. The Company's liquidity position is monitored continuously to ensure that day-to-day needs for funds are met.

Liquidity, as defined by Allegheny, is cash, Federal funds sold and interest bearing deposits with other banks. Liquidity currently totals $15,222 or 28.6% above the $11,834 total at December 31, 1991. This increase in liquidity at March 31, 1992 reflects Allegheny's decision to remain liquid due to the uncertainty of interest rates.

At March 31, 1992, cash totalled $5,195, compared to $5,751 at year end 1991, representing a $556 reduction.

Further enhancing Allegheny's ability to meet depositor's and borrower's demands is the availability of investment securities maturing within one year. At March 31, 1992, Allegheny had in its portfolio investment securities scheduled to mature within a one year time frame of $23,233.

Management is not aware of any trends, commitments, events and uncertainties that will result in or are likely to result in liquidity increasing or decreasing in any material way.

Bank management continuously reviews the potential impact of any regulatory rules and regulations which materially affect the Bank's liquidity, capital resources or operations. The Company and subsidiary banks have not been negatively impacted by any other rule or regulation issued by regulatory agencies.

Interest rate task is measured through a gap analysis which is shown below. The within one year period shows a negative gap, however, the remaining two periods reflect a positive gap. Within the one year period are balances of interest bearing demand deposits and regular saving accounts totalling $76,544. Consequently, the Company is in a negative gap position for that period. Because of the low level of interest rates, the subsidiary banks have experienced a decrease in interest bearing time deposits, together with an increase in interest bearing demand deposits and regular savings, as depositors have temporarily transferred deposits to await a trend in interest rates. These funds will tend to be interest sensitive and may be moved should interest rates increase. While these deposits may be withdrawn at any time, management considers their deposit base to be stable, and the possibility of these deposits being immediately repriced remote. Allegheny tries to minimize interest rate risk through management of the gap to achieve maximum earnings while being aware of economic conditions.

The following table represents the interest sensitivity gap for the periods presented taking into consideration the periodic payments on loans and when interest earning assets or interest bearing liabilities may be repriced.

ASSET AND LIABILITY MATURING AND RATE
SENSITIVITY SUMMARY
(Dollars in thousands)

	Within One Year	After One But Within Five Years	After Five Years	Total
Earning assets:				
Loans (net of unearned interest)	$ 51,814	$ 53,245	$ 1,098	$ 106,157
Investments	23,233	46,310	3,987	73,530
Interest bearing deposits with other banks	751	1,006	-	1,757
Federal funds sold	8,270	-	-	8,270
Total interest earning assets	84,068	100,561	5,085	189,714
Interest bearing liabilities:				
Interest bearing transaction accounts	34,094	-	-	34,094
Savings	42,450	-	-	42,450
Time saving	69,685	10,142	-	79,827
Borrowed funds	480	920	-	1,400
Total interest bearing liabilities	146,709	11,062	-	157,771
Interest sensitivity gap	$(62,641)	$ 89,499	$ 5,085	$ 31,943
Cumulative interest sensitivity gap	$(62,641)	$ 26,858	$ 31,943	
Cumulative gap ratio	(.57)	1.17	1.20	

With a strong, stable deposit base and with the current level of liquid assets, Allegheny's management is confident that they will be able to maintain an adequate liquidity position.

CAPITAL RESOURCES AND DIVIDENDS

Maintaining a strong capital position is an integral part of Allegheny's long range strategic plan. Through management of its capital resources, Allegheny can provide an attractive financial return to its shareholders while retaining and building sufficient capital to support future growth.

At March 31, 1992, Allegheny's total capital equity increased to $17,364 from $17,179 at December 31, 1991, representing a 1.07% increase. This increase in capital equity is attributable to the retention of internally generated undistributed net income.

Cash dividends paid during the first quarter of 1992 totalled $129, compared to the $125 paid during the first quarter of 1991. In addition, the Company purchased 2,608 shares of stock for $57,376. This was an isolated purchase and does not reflect an intention on the part of management or the Board of Directors to begin a repurchase program. No further activity in this area is currently anticipated.

At March 31, 1992, capital growth generated internally through the retention of earnings was 5.54%, compared to the 4.79% at March 31, 1991. The following table illustrates the components of Allegheny's internal capital generation rate for the period ended March 31, 1992 and 1991.

	Three Months Ended March 31,	
	1992	1991
Internal capital generation		
Return on average assets	.75%	.66%
Average assets to average equity	x 11.34	x 11.92
Return on average equity	8.50	7.86
Earnings retained	x 65.19	x 60.85
Internally generated capital	5.54%	4.79%

Allegheny's shareholders' equity when expressed as a percentage of total assets totalled 8.7% and 8.8% as of March 31, 1992 and December 31, 1991, respectively.

Primary capital, defined as the sum of common stock, surplus, retained earnings, treasury stock and the allowance for loan losses, totalled $18,932 as of March 31, 1992 and $18,541 as of December 31, 1991. Expressed as a percentage of total assets, primary capital was 9.4% at March 31, 1992, and 9.5% at December 31, 1991.

Allegheny's Risk Based Capital at March 31, 1992, as calculated under the rules promulgated by the Federal Reserve Board, approximated 20.6% of total risk weighted assets. The ratio of Tier I capital approximated 19.36% of total risk weighted assets. These levels are well within regulatory guidelines.

Management is not aware of any commitments at this time for material capital expenditures during the ensuing year.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf of the undersigned thereunto duly authorized.

Allegheny Bankshares Corporation
(Registrant)

By: _____
Philip L. McLaughlin, Chairman

_____
David W. Hambrick, President

Date: May 5, 1992